

International Exchange of Services

A \$3-Billion Two-Way United States Market

THE magnitude of the interchange of services between the United States and foreign countries is not so generally understood and appreciated as is the similar exchange of goods. Nevertheless, this country provided in 1951 a \$3 billion market for foreign services of all kinds, and foreign countries in return acquired services from the United States of almost equal value, about \$2.8 billion. Both totals reflect large increases over the preceding year, and a record peacetime flow in both directions. Not included is the income received or paid on investments.

The exchange of services has increased over the past three decades at a rate exceeding by far the relative gain in the transactions in goods. In the 1920's United States exports of services amounted to only about 10 percent of the export of goods. By the 1930's, the proportion was about 15 percent, and in 1949-51 there was a further increase to more than 18 percent.

This growth may be associated with the apparent tendency for the ratio of exports of services to exports of goods to be larger for highly developed countries than for relatively underdeveloped ones. To illustrate, the comparable ratio for the Netherlands is about two-fifths; for the United Kingdom over a third; for France over a fourth; while for a number of the less-industrialized American Republics it averages between 5 and 10 percent.

Service imports equal over one-quarter of goods

United States imports of services provide an important source of dollar earnings to foreign countries. The value of services imported by the United States during the 1920's amounted to 22 percent of the value of goods imported in the same period. The ratio rose to almost 30 percent during the 1930's, and has been maintained at about the same level on the average since World War II.

A major portion of all service transactions (imports and exports combined) between the United States and foreign countries takes place with member countries of the Organization for European Economic Cooperation (OEEC). This area accounted for two-fifths of the services exchanged during 1949-51, as compared with only one-fourth of total United States merchandise trade with these countries. The Latin-American Republics ranked second from the point of view of services with one-fifth of the total. Asia, Africa, and Oceania (except OEEC dependencies in these areas) received or supplied 16 percent of total services, while Canada followed closely with 15 percent.

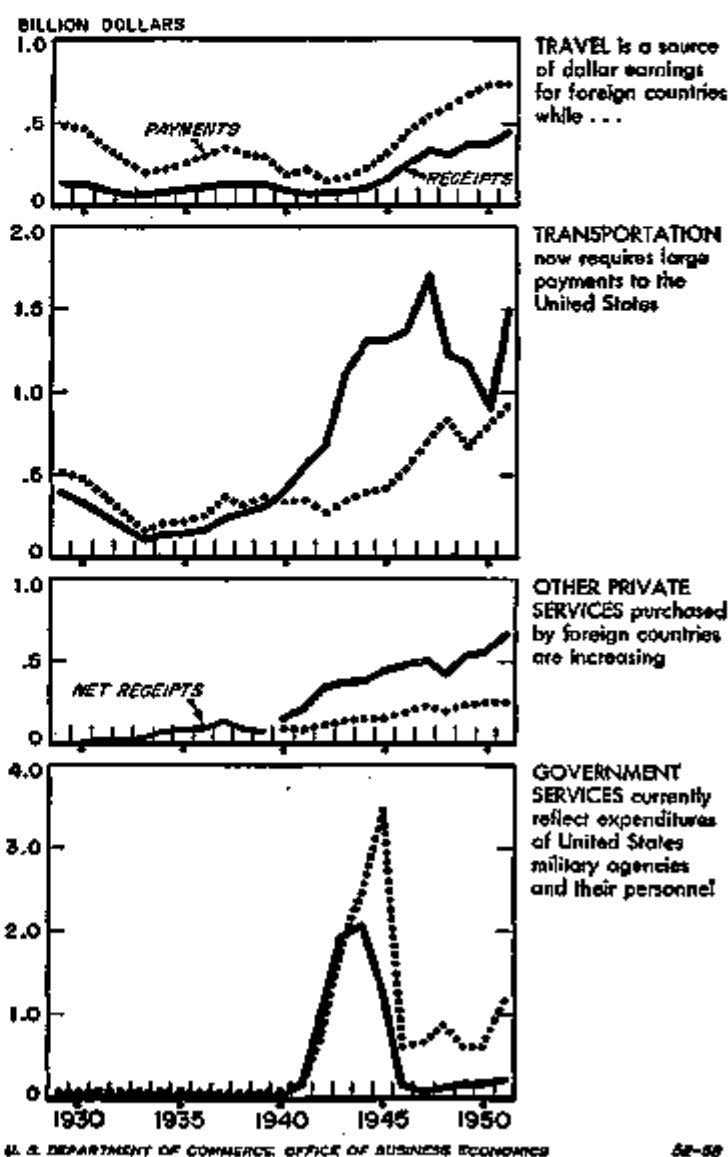
Of the individual types of services which the United States buys from or sells to foreign countries, transportation and travel were by far the most important in the period between the two world wars. Payments for each of these two items reached about \$500 million in 1929, the peak interwar year. With receipts, especially from travel, considerably smaller than payments, net payments during the period

1921-39 averaged \$227 million annually for travel and \$63 million for transportation.

Service offsets to goods deficit

The cumulative excess of all service imports over exports from 1921 to 1939 reached about \$6 billion, and supplied enough dollars to finance almost half the excess of merchan-

INTERCHANGE OF SERVICES BALANCED
in 4-year period, 1947-51



NOTE.—THIS ARTICLE WAS PREPARED IN THE BALANCE OF PAYMENTS DIVISION BY FRANCES P. SASSOER, MAX LECHTER, J. E. SMITH, AND JOHN S. SMITH.

dise exports, which totaled \$12.6 billion during the same period.

The outbreak of World War II stimulated the flow of services between the United States and foreign countries. Services provided or received by the Government, which had heretofore been negligible, now became the largest category. These services were almost entirely of a military nature, and included lend-lease and reverse lend-lease transactions, as well as the expenditures of American troops overseas. Transportation receipts also increased sharply during the war, as United States exports expanded and a large part had to be carried in United States ships.

Developments since the end of the war have been in the direction of restoring the prewar pattern of service imports and exports, although the trend was interrupted by the outbreak of the Korean conflict. The readjustment has perhaps proceeded farther in the travel category than in the others, although the rise in travel expenditures was smaller than the prewar relationship to disposable personal incomes would have suggested. The decline in tourist expenditures relative to income was compensated, however, by greatly increased Government payments, principally because of the expenditures of the Armed Forces and of American troops stationed overseas.

International Transportation

International transportation contributed substantially to the growing United States surplus on all goods and services transactions in 1951. The preliminary data (table 1) indicate net United States receipts on transportation account of \$577 million. This was almost five times the net receipts balance of \$128 million in 1950 but only half of the postwar peak of \$1,027 million net receipts recorded in 1947.

These large net receipts, however, did not altogether constitute a drain on the foreign exchange reserves of foreign countries since large amounts of freight were paid from the various United States aid programs. Thus, in 1951, net "cash" payments by foreign countries to the United States for transportation services amounted to about \$390 million.

Sharp rise in export cargoes and earnings

Freight earned on dry cargo vessel exports rose from \$358 million in 1950 to \$731 million in 1951, an increase of over 100 percent. Almost three-quarters of this increase resulted from the carriage of increased coal and grain cargoes.

United States receipts had fallen from \$256 million for carrying 56 percent, or 23 million tons, of the coal exported in 1947, to less than \$1 million in 1950. However, as European production became inadequate in the latter part of 1950, large-scale purchases in the United States were resumed. Total United States ocean-borne exports of coal in 1951 to all areas rose to nearly 31 million tons, as compared with the previous year's 2 million tons, and United States earnings rose to \$140 million for the carriage of over 11 million tons.

A very sizeable expansion also took place in United States exports of grain in 1951. About half this grain was carried by United States ships and earnings amounted to about \$140 million as compared with \$24 million in 1950.

The rise in total exports between 1950 and 1951 also included about a 25 percent increase in the tonnage of the other, more usual, types of dry cargo exports carried on United States vessels, earnings on this cargo increasing to \$406 million from \$282 million in 1950. In addition, earnings from the "indirect" tanker trade doubled, rising from some \$84 million in 1950 to \$166 million in 1951, as European and other consumers were forced to turn to Caribbean and other more distant sources of supply as substitutes for Iranian oil.

Upswing in freight rates

Freight rates in 1951 were higher than in 1950 and contributed substantially to the increased earnings of the United States vessel operators. Owing to the near disappearance of coal cargoes in 1950, freight rates in the tramp vessel market were considerably reduced. When coal shipments were resumed on a large scale in December 1950, they were superimposed on an already tight shipping market caused chiefly by military demands for the Korean conflict, by United States Government stockpiling, and by an increasing volume of world trade.

Table 1.—International Transportation Account
(Millions of dollars)

	1922-29 aver- age	1946	1947	1950	1951
Receipts, total	273	1,420	1,788	923	1,494
Ocean shipping, total.....	239	1,266	1,667	728	1,274
Freight (United States earnings—exports and inter-foreign country trade).....	92	1,065	1,257	484	964
Port expenditures (Foreign operators' expenses in United States).....	147	181	311	208	310
Charter hire (United States ships leased to foreigners).....	n.a.	22	19	35	10
Passenger fares (paid by foreigners to United States carriers):.....					
Ocean.....	10	26	26	25	24
Air.....		44	68	70	77
Other air, Great Lakes, rail and pipeline transport, and mail and freight-car rental receipts.....	124	80	97	102	119
Payments, total	348	596	761	798	917
Ocean shipping, total.....	202	461	577	489	629
Freight (foreign operators' earnings on United States imports).....	143	163	226	268	268
Port expenditures (United States operators' ex- penses abroad).....	61	267	315	138	176
Charter hire (foreign ships leased to United States operators).....	n.a.	31	37	83	67
Passenger fares (paid by United States residents to foreign carriers):.....					
Ocean.....	104	17	48	121	167
Air.....		6	9	28	29
Other air, Great Lakes, and rail transport and freight-car hire.....	36	115	127	163	132
Net balance: transportation account (net receipts- payments).....	-75	+821	+1,027	+128	+577
Ocean shipping plus ocean fares (net receipts- payments).....	-63	+818	+1,001	+144	+602
Other items plus air fares (net receipts- payments).....	-12	+3	+26	-16	+75

¹ Includes passenger vessel expenses.

² Small Great Lakes freight included in ocean freight.

n. a. Not available.

Source: U. S. Department of Commerce, Office of Business Economics.

Private ship operators began to augment their fleets by purchasing or chartering Government-owned vessels, but rates continued to climb. In order to reduce freight costs and thus permit the greater use of aid funds for the purchase of essential materials, the ECA arranged for the release of ships out of the reserve fleet. Over the year, the Maritime Administration released about 470 vessels, which were operated by shipping companies as agents for the National Shipping Authority.

Rates began to drop in April and by June or July reached the NSA ceilings set a month previously for cargoes carried on NSA vessels. From the middle of the year on, virtually all coal shipments were carried at NSA rates.

Conference liner rates, applicable to 30-50 percent of the grain shipments, and to most other cargoes except coal, fertilizers, and similar commodities generally shipped in bulk in tramp vessels, also increased in 1951 as compared to 1950. As a result of the increase in the demand for shipping after Korea and because of increasing costs, the conferences generally instituted freight rate increases averaging over 10

percent in December 1950. Another general 10 percent increase was placed in effect in December 1951.

Imports raise foreign operators' earnings

Foreign vessel operators also gained by their participation in the heightened shipping activities of 1951; but the increase in their freight earnings on United States imports from \$268 million in 1950 to \$366 million in 1951 was only a little more than one-fourth of the increase in United States operators' export freight earnings.

About \$75 million of the increase in foreign earnings came from increased imports in foreign tankers. Ordinarily, United States petroleum companies and their foreign affiliates (here counted as foreign operators for balance of payments purposes) can supply sufficient tanker capacity for normal demand. But in periods of peak activity tankers under independent control are utilized at higher rates. Rates

in the charter market for independent tankers quadrupled between June 1950 and the first quarter of 1951. Rates fell from the middle of 1951 on, partly due to the setting of ceilings for tanker freight charges reimbursable by ECA, but remained at about twice the June 1950 level for the rest of the year.

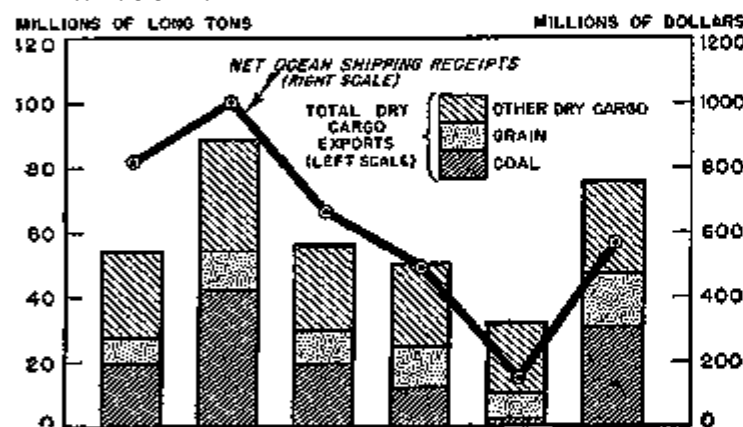
These rate increases, together with an increase of about 12 percent in the tonnage of imports carried by foreign tankers, accounted for the sharp rise in foreign operators' earnings. The higher rates were also reflected in increased charter hire payments to foreigners, which averaged about \$85 million in 1950 and 1951 (for both dry cargo and tanker vessels) as compared with \$52 million in 1949.

Only about \$25 million of the increase was earned on dry cargo vessel imports. This appears to have been the result of the decline in United States purchases abroad, after the second quarter of 1951, particularly for those commodities more extensively carried by foreign-flag vessels.

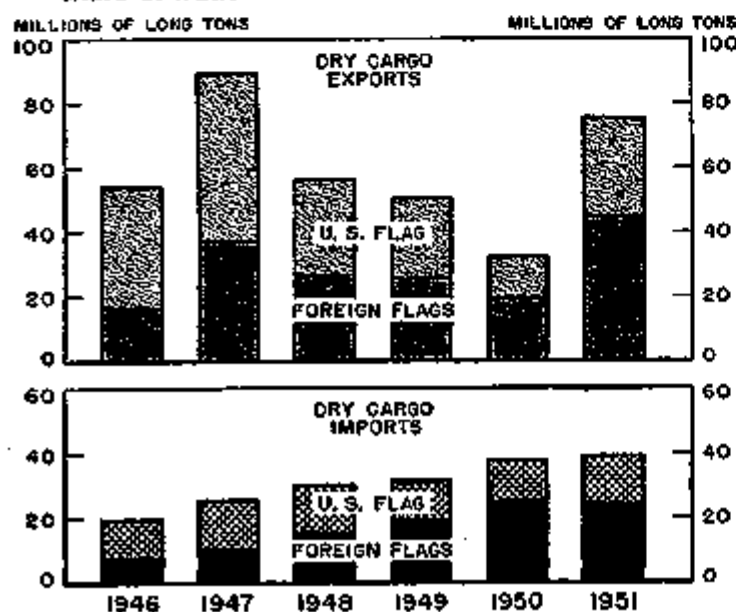
While the tonnage of imports carried in United States-flag vessels remained relatively stable over the year, the tonnage carried in foreign-flag vessels declined rapidly and in the fourth quarter of 1951 was below that of the first quarter of 1950. For 1951 as a whole, import tonnage carried by foreign operators was about 4 percent lower than in 1950 (see chart). Freight rate increases, averaging somewhat higher than the increases in export rates, accounted for the increase in earnings.

Shipping Receipts Rise After Steady Decline

BULK CARGO EXPORTS major factor in fluctuation



FOREIGN-FLAG VESSELS carry enlarged share of trade



Downtrend in U. S. flag participation

Accompanying a decline in the proportion of United States to total world shipping tonnage after the war, foreign-flag vessels took an increasing share of United States exports until, in 1950, slightly over 60 percent of the total was carried by them, despite declining tonnages and the requirements in ECA and other foreign aid legislation that United States-flag vessels carry at least half of ECA-financed shipments.

In 1951, the foreign-flag share of the total declined slightly to about 59 percent. It is perhaps most significant in connection with future participation rates and earnings that, over the postwar years, the positions of the United States and foreign fleets have been reversed with regard to the carriage of cargo other than coal and grain, foreign-flag vessels carrying 61 percent in 1951 whereas United States vessels carried slightly over 61 percent in 1947.

This is also true with regard to the carriage of imports. Where United States-flag vessels carried 61 percent of dry cargo imports in 1946, foreign-flag vessels carried this proportion in 1951. Also, foreign-flag tankers now carry over 50 percent of tanker imports where United States-flag vessels had previously carried over 76 percent. Many of the foreign-flag tankers, however, are owned by American oil companies.

Foreign-flag vessels reasserted their prewar dominance in the carriage of passengers as early as 1947. For the carriage of United States residents (the balance of payments item), fare payments rose from \$17 million in 1946 to a peak of \$121 million in 1950, and \$107 million in 1951, as foreign passenger ship capacity was reconstructed and average fare costs rose. Fare payments to foreign ocean carriers exceeded foreign payments to United States carriers by \$83 million in 1951.

In contrast to ocean transportation, United States receipts of air fares from foreign passengers have outweighed United States fare payments to foreign air carriers. However, net United States receipts on fares plus relatively small export cargo earnings have, in the main, been offset by the United States airlines' expenses abroad, which amounted on the average to about \$80 million in 1949-51.

Travel

Total foreign travel expenditures by United States residents in 1951 amounted to \$733 million, about the same as in 1950, with a slight decline in travel to Europe being offset by larger outlays in Latin America.¹ Western Hemisphere countries continued to receive about two-thirds of America's foreign travel dollars.

Expenditures in Europe decline

Travel expenditures in Europe and the Mediterranean area during 1951 dropped \$30 million below the 1950 total (table 2), due to a decline in the number of travelers visiting the area. Average expenditures per trip apparently increased slightly. In the closing months of 1950, the volume of outbound traffic to Europe dropped below the comparable period in 1949, departures remaining below the corresponding month in the previous year until the late summer of 1951. A portion of this decrease may be attributed to the outbreak of hostilities in Korea, which did not appreciably affect European travel until the end of 1950. A major portion of travelers to Europe had departed by the end of June of that year and most others planning summer tours had already prepaid the cost of their trip.

In addition, the celebration of Holy Year in 1950 increased travel to the area, as indicated by the fact that both the number and proportion of travelers going to Italy in 1950 were higher than in either 1949 or 1951.

Average traveler spends \$759 in Europe

Average expenditures in Europe by American travelers have not varied greatly during the period from 1949 to 1951. The slight decrease in length of stay has been offset in part by the increase in per diem expenditures. This increase may

Table 2.—Estimated Expenditures and Numbers of United States Residents Traveling in Foreign Countries in 1951¹

	Expenditures (millions of dollars)	Number of travelers (thousands)
All countries.....	733	n. a.
Canada.....	252	n. a.
Mexico.....	162	n. a.
Total overseas areas.....	406	689
Europe and Mediterranean.....	108	255
West Indies and Central America.....	76	384
South America.....	25	43
Other overseas countries.....	15	12

¹ Passenger fares and Government travel are excluded; for detailed treatment, see footnotes, table 1, p. 21, Survey of Current Business, May 1951.
n. a. Not available.

Sources: U. S. Department of Commerce, Office of Business Economics, based on questionnaire returns; numbers based on data of U. S. Department of Justice, Immigration and Naturalization Service.

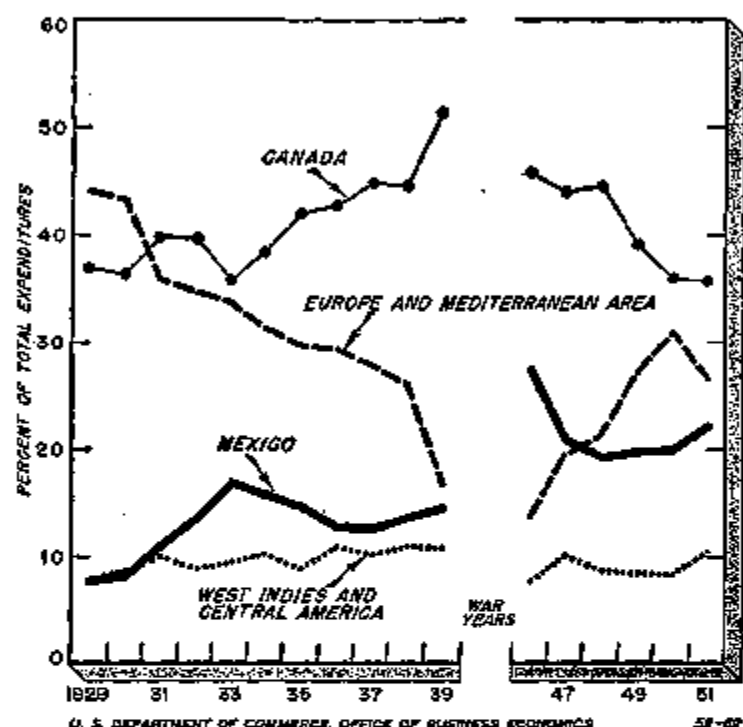
be explained in part by rising prices and greater availability of merchandise. Apparently the currency devaluations which took place in many countries in September 1949 did not decrease average dollar expenditures; in some countries, in fact, the currency devaluations merely reduced the official rate to the effective one.

The arithmetic average for all travelers, \$759, is significantly higher than the median expenditure, due to the disproportionately large number of travelers in the lower expenditure brackets. Over half of the travelers spent \$525 or less. Presumably the low expenditure groups include many persons visiting relatives.

¹ Fares paid to United States and foreign carriers for travel between the United States and noncontiguous foreign countries are included with transportation. Expenditures by military personnel and employees of the United States Government and international agencies are included with other services. Americans employed abroad are considered nonresidents.

Expenditures of travelers within foreign countries follow the same general pattern as the fares paid by travelers. Persons using high-priced steamship accommodations spent nearly three times as much on the average as tourist-class travelers, 60 percent of whom are foreign-born. The difference in per diem expenditures is even wider. This disparity is partly offset by a shorter average length of stay by first-class passengers and a longer stay by travelers in cabin and tourist classes.

Geographical Shift in Pattern of Travel Expenditures



Travelers by air spent on the average considerably more in 1951 than in 1950, the low level of expenditures in 1950 being due to a relatively large proportion of religious pilgrims on low-cost charter flights, whose spending was limited. This factor also accounted for the rise in average air fares, from \$645 to \$670 per round trip.

The decline in travel which began in the fall of 1950 was apparently halted late in 1951, producing a smaller-than-usual seasonal decrease in expenditures in the fourth quarter. Average expenditures per trip also rose contra-seasonally, indicating that the pickup was in business or tourist, rather than family, travel.

Travel to Western Hemisphere rises

Expenditures in nearby areas increased in 1951. These areas received twice as large a share of United States foreign travel expenditures as in 1929, the peak prewar year. This continued the long-term upward trend in travel to nearby countries.

Expenditures in Canada amounted to slightly over one-third of total foreign travel payments in 1950 and 1951. This was a smaller share of United States travel dollars than in any of the preceding ten years. Canada's relatively large share of tourist earnings during and immediately after the war reflected the curtailment of travel to overseas countries. The all-time high of \$267 million was reached in 1948, and American expenditures have leveled off since that year.

Expenditures in Mexico, on the other hand, have increased sharply during the last 3 years. The increase may be attributed to such factors as the devaluation of the peso and the greater accessibility of many Mexican cities because of new highways and extended air service.

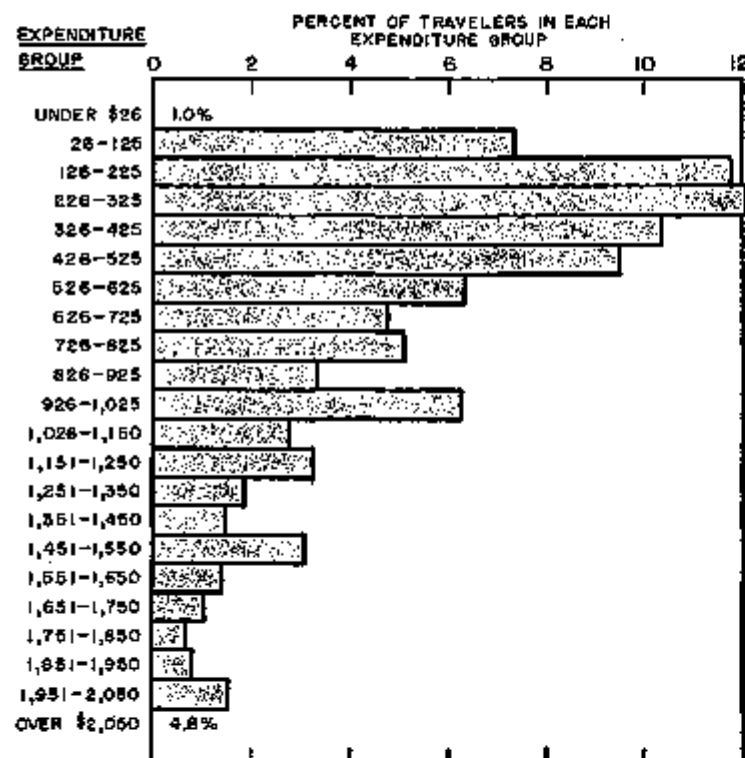
A large portion of travel to both contiguous countries consists of short local trips. This type of travel, giving rise to more than half of total travel payments in the case of Mexico, is relatively stable, following closely economic conditions in the border area.

Foreigners spend more here

Expenditures by foreigners traveling in the United States increased by nearly 20 percent in 1951, to reach \$444 million, the highest figure ever recorded. Over half of this represented expenditures of Canadian tourists, which have reduced Canada's net receipts on its United States tourist account from over \$100 million in 1949 to a virtual balance in 1951.

Size Distribution of Travel Expenditures

More than half the Americans visiting Europe spent \$525 or less



NOTE.—DATA ARE FOR THIRD QUARTER OF 1951

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Expenditures for travel in the United States by Europeans have not varied greatly over the past few years. Exchange restrictions have curbed expenditures for recreational travel; however, this has been partly offset by increased business travel. Receipts from Latin American travelers during the past few years have continued to increase, reflecting mainly the income rise in these countries.

Government Services

The expanding role of the United States in world affairs in recent years has resulted in increasing outlays abroad by

the Department of State and other nonmilitary agencies for administrative and operating costs and the purchase and maintenance of installations and facilities, which are included as service expenditures. In addition, expenditures of military agencies after World War II, although sharply decreased from the peak reached during the war years, have not fallen below an annual amount of \$300 million, the figure recorded for 1947.

With the outbreak of hostilities in Korea, and in fulfilling United States commitments to the buildup of security forces in Western Europe, service expenditures of the Armed Forces and their personnel abroad rose to a postwar high of over \$900 million in 1951, and was at an annual rate of \$1.2 billion during the last quarter of the year.²

Japanese services support U. N. in Korea

Military expenditures in Japan rose sharply after the Korean outbreak, primarily because of that country's proximity to the scene of hostilities. Figures from official Japanese sources³ indicate that dollar earnings in 1951 from the sale of services—repair, storage, transportation, construction—in support of United Nations Forces in Korea and the sale of yen to American personnel and official and quasi-official United States agencies, amounted to \$400-\$425 million. This is about equal to total Japanese merchandise exports to the United States in that year, including merchandise procured by the United States in Japan for the logistical support of the Korean operations.

Despite the magnitude of military operations in Korea, that country's dollar earnings from United States Government expenditures have been relatively small. The virtual destruction of Korea's economy and means of production has precluded all but a minimum of military procurement by the armed services and personal spending by the troops.

Table 3.—Number and Expenditures of United States Residents Traveling in Europe and the Mediterranean Area, 1950 and 1951; Total and Selected Countries¹

Country	Total expenditures (millions of dollars)		Number of travelers (thousands)		Average expenditures per trip (dollars)		Average length of stay (days)	
	1950	1951	1950	1951	1950	1951	1950	1951
Europe and Mediterranean...	325.0	193.0	302.0	253.1	742	759	66	63
France...	50.0	48.5	264.8	144.4	338	337	20	19
United Kingdom...	37.0	36.5	137.2	123.8	262	295	26	27
Italy...	50.0	34.0	130.4	100.7	381	337	26	23
Switzerland...	13.0	15.5	94.2	80.1	184	193	11	12
Germany...	14.5	16.5	73.5	68.5	211	230	23	24
Netherlands...	6.0	4.5	55.0	44.1	112	101	11	8
Sweden...	5.0	4.5	24.7	21.1	207	216	31	29
Greece...	4.0	4.3	10.3	9.5	449	478	62	52
France...	6.0	4.0	25.0	18.4	240	218	25	26
Spain...	2.5	4.0	13.9	17.9	181	216	31	23
Belgium...	4.5	3.5	47.3	36.7	87	102	9	8
Denmark...	4.0	3.5	23.1	21.7	169	185	19	15
Norway...	4.0	3.0	18.4	16.6	228	171	31	28
Austria...	3.0	3.0	23.1	21.8	136	134	12	12
Portugal...	2.0	2.5	12.1	9.3	143	243	11	31

¹ Passenger fares and Government travel are excluded; for detailed treatment, see footnotes to table 1, p. 21, SURVEY OF CURRENT BUSINESS, May 1951.

Sources: U. S. Department of Commerce, Office of Business Economics, based on questionnaire returns.

² It should be pointed out that only a small part of the total cost of conducting United States military operations abroad is reflected in the United States balance of payments estimates. Primarily excluded, of course, are costs incurred in the United States for repair, maintenance and other services, and for clothing, equipment, armaments, etc., originating in the United States and supplied to troops and installations abroad. Foreign disbursements of pay and allowances to United States personnel abroad are included on a net rather than a gross basis and reflect only that portion of their total pay which these individuals are estimated to have spent in the foreign economies for the purchase of local goods and services.

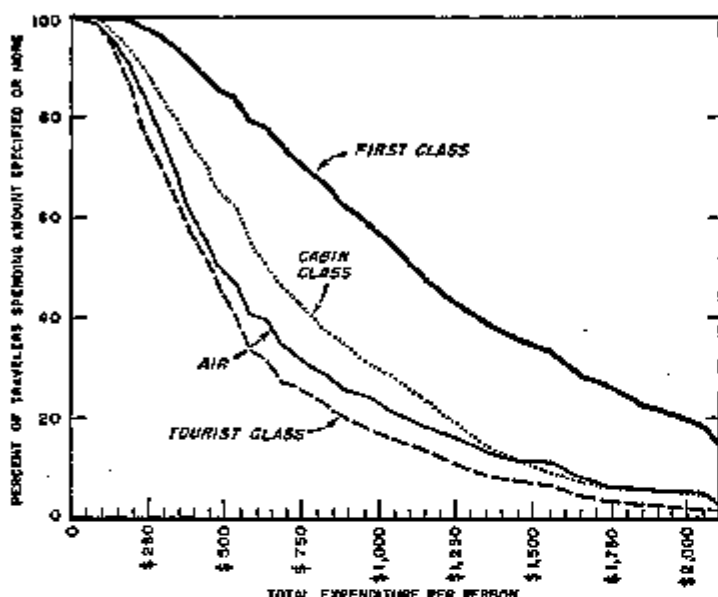
³ "Foreign Exchange Statistics," published monthly by the Foreign Exchange Control Department, Bank of Japan.

Outlook for 1952

In 1952, in recognition of Japan's new status as an independent nation after ratification of the San Francisco peace treaty, the position of United States forces will increasingly shift, continuing a process begun in the second half of 1951. This will mean larger troop expenditures and more

Type of Travel Expenditures, Distribution by Size

Lower expenditures of air travelers is due to shorter stay



NOTE: DATA ARE FOR THIRD QUARTER OF 1951

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dollars for Japan. In addition, the United States Government has, since July 1, 1951, been paying for approximately half of the goods and services formerly supplied by Japan as occupation costs and will continue to do so under terms of the special Security Treaty between the United States and Japan, signed September 8, 1951 (and implementing Administrative Agreement, signed February 28, 1952).⁴ The additional dollar payments to Japan as a result of these developments are expected to compensate for the loss of grant aid formerly provided under the Army civilian supply program (GARICOA).

At the present time, certain arrangements to provide free services to United States occupation personnel in Germany have been, or are being, terminated. Negotiations are currently proceeding for a "contractual peace agreement" with West Germany, expected to be somewhat similar to the United States-Japanese agreements.

Nonmilitary-agency service payments rise

Expenditures for services by the State Department and other nonmilitary agencies of the Government reached a post-World War II peak of \$237 million in 1951, as compared with the 1946 low of \$89 million. The regular peacetime overseas functions of these agencies were supplemented after 1946 by activities connected with the Government's various programs of foreign aid. Some of these expenditures were paid out of counterpart funds furnished by the countries

receiving grant aid. In the four years ending December, 1951, approximately \$150 million, or 18 percent of the total amount (dollars and counterpart) spent by all nonmilitary agencies in this period was financed in this way.

Data on Government miscellaneous services include the cost of United States participation in various international organizations, which has averaged over \$26 million a year for the past five years.⁵ This compares to the aggregate total of \$3 million contributed to the support of international bodies during the entire twenty-one years from 1919 to 1939.

Donated services dominate "receipts"

The steady rise in the value of Government services provided to foreign countries (principally the OEEC countries) from 1947 to 1951 was characterized by a continually increasing proportion of services provided as grants and represented for the most part the activities of nonmilitary agencies.

Grant services represent the overhead costs of administering the Government's unilateral aid programs, technical aid provided by Government agencies, and other service costs paid out of appropriated foreign-aid funds.

Tolls collected from foreign-flag ships by the Panama Canal, harbor terminal and freight charges of the Panama Railroad, and the Post Office Department settlements with foreign administrations for the carriage and handling of foreign mail represent over 50 percent of the Government's cash receipts on service account. Gold handling charges of the Treasury Department and consular and visa fee collections by the State Department account for most of the remainder. In total, this item has maintained a steady rate of about \$50 million a year for the past 5 years.

Other Private Services

Film rentals have been the largest source of the net surplus on private miscellaneous-service transactions which has been characteristic of the past two decades. Slightly more than half of film rentals, including the value of blocked earnings, were obtained from the United Kingdom and other OEEC countries in each of the postwar years. The estimated total of \$129 million in 1951 was exceeded only in 1946, when rentals reached \$142 million.

Private sales of services to foreign governments and international organizations and their personnel amounted in 1951 to an estimated \$114 million, including expenditures of the United Nations and other international organizations of \$53 million. This compares with a total of \$138 million for 1946 when international agencies (including UNRRA) spent only \$26 million.

Private miscellaneous services producing significant net surpluses include (1) management fees and home office charges for services rendered by American companies to their foreign branches and subsidiaries, \$115 million in 1951 and (2) United States engineers and contractors receipts for services rendered under foreign contracts estimated at about \$75 million in 1951.

Other miscellaneous service items are largely offsetting in amount. The largest, reinsurance transactions, in the three years beginning 1949 has involved net payments to foreign countries—principally the United Kingdom—averaging less than \$50 million a year, although total reinsurance transactions (receipts and payments) in the same period averaged \$244 million annually.

⁴ Based on pre-Korea costs, this sum is estimated at about \$155 million per annum. Under the Administrative Agreement, Japan will provide an additional \$155 million a year in 1952; this amount is subject to periodic adjustment.

⁵ These data do not include subscriptions to the International Bank and Fund, which are considered Government investments, or contributions of the character of grants or gifts, which are treated in the balance-of-payments as unilateral rather than service transactions.